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**Committee on Subsidies
and Countervailing Measures**

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French

SUBSIDIES

New and Full Notifications Pursuant to Article XVI:1
of the GATT 1994 and Article 25 of the Agreement
on Subsidies and Countervailing Measures

EUROPEAN COMMUNITIES

Revision

The following addendum to the notification of the European Community relates to subsidy programmes of Portugal.

¹ English only.

PORTUGAL

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SIR

1. Title

Regional Incentives System (SIR)

2. Objectives

The objective of this regional assistance programme, which covers all the country's less-developed inland and coastal regions, is to contribute to the endogenous development of those regions by improving their competitiveness and helping to create jobs and thereby reduce migration, while promoting diversification of the production of goods and services.

3. Duration

The duration of the subsidy is 1994-1999.

4. Legislative authority

Decree Law No. 193/94, of 19 July

Council of Ministers Resolution No. 67/94, of 11 August

5. Year: 1997

Government expenditure programmed: Esc 10,233,885 million

Grants and repayable joint financial participation:

- Amounts approved: Esc 17,152,927 million
- Amounts disbursed: Esc 11,679,269 million

PROCOM

1. Title

Trade Modernization Support Programme (PROCOM)

2. Objectives

To promote the sustainable development of the competitiveness of trade sector enterprises in the context of a coherent strategy for the modernization of their activities.

3. Duration

The duration of the subsidy is 1994-1999.

4. Legislative authority

Decree Law No. 184/94 of 1 July 1994

Council of Ministers Resolution No. 33/96 of 3 April 1996

5. Year: 1997

Government expenditure programmed: Esc 5,593,701 million

Amounts approved and disbursed:

(millions of Esc)

	Approved	Disbursed
Interest rate subsidy		
Non-repayable subsidy	16,513,708	1,521,993

PAIEP 2

1. Title

International Development Support Programme for Trade and Services (PAIEP 2)

2. Objectives

To promote the sustainable development of the competitiveness of trade and services enterprises in the context of a coherent strategy for the modernization and globalization of their activities.

3. Duration

The duration of the subsidy is 1994-1999.

4. Legislative authority

Decree Law No. 290/94 of 14 November 1994

Council of Ministers Resolution No. 121/94 of 15 December 1994

5. Year: 1997

Government expenditure programmed: Esc 3,948,921 million

Amounts approved and disbursed:

(millions of Esc)

	Approved	Disbursed
Subsidy for repayable joint financial participation at zero interest rate	6,122,592	1,995,761

PEDIP II

1. Title

Strategic Programme for the Revitalization and Modernization of Portuguese Industry (PEDIP II)

2. Objectives

Regional assistance programme to revitalize the sustained growth of the competitiveness of Portuguese enterprises in order to enhance their capacity to respond to rapid technological and market changes, while at the same time supporting the modernization, diversification and globalization of domestic industry.

3. Duration

The duration of the subsidy is 1994-1999.

4. Legislative authority

Decree Law No. 177/94 of 27 June 1994

Council of Ministers Resolution No. 50/94 of 1 July 1994

5. Year: 1997

Government expenditure programmed: Esc 48,082,036 million

Amounts approved and disbursed:

	(millions of Esc)	
	Approved	Disbursed
Grants plus reimbursable financial co-participation	137,826,672	52,966,735

RETEX

1. Title

RETEX Operational Programme

2. Objectives

Community Initiative Programme on regional aid with the aim of facilitating the modernization of the industrial fabric in regions strongly dependant on the textiles and clothing sector.

3. Duration

The duration of the subsidy was 1993-1997.

4. Legislative authority

Decisions Nos. 264, 265, 266 of 11 September 1993

5. Year: 1997

Government expenditure programmed:

(millions of Esc)

Risk Capital Fund	1,225,365
Repayable participation	2,241,316
Non-repayable subsidy	4,623,546

(millions of Esc)

Amounts approved/disbursed

	Approved	Disbursed
Risk Capital Fund		
Repayable participation*	633,383	143,528
Non-repayable subsidy	5,696,606	3,392,916

*Repayable financing at zero interest rate for an amount not exceeding 40 per cent of the total financing necessary, with a ceiling of Esc 150 million. The duration is three to six years.

1. Aid for shipbuilding and ship conversion

1. The notification concerns 1997.
2. See information under point 6.
3. Decree Law No. 296/89 of 4 September establishing assistance arrangements for metal-hulled shipbuilding and ship conversion (notified and approved by the European Commission in accordance with the 7th Directive (90/684/EEC), on aid to shipbuilding.
4. Decree Law No. 296/89 provides for the grant of non-repayable subsidies.
5. Operational assistance for national shipyards leading to joint participation in shipbuilding or ship conversion costs and compensation for losses. This aid is subject to a common maximum ceiling established annually by the European Commission, expressed as a percentage value of the contract before aid which, in 1995, was 9 per cent for building ships of a contract value of more than ECU 10 million and 4.5 per cent for ships with a contract value of less than that amount and for ship conversion.
6. The total amount of subsidies allocated in 1997 was Esc 2,187 million.
7. Decree Law No. 296/89 of 4 September entered into force on 5 September 1989 and is of indefinite duration.
8. Statistical data not available.

2. State aid to "Siderurgia Nacional"

1. This notification concerns 1997.
2. Aid for financing the plan for the restructuring of the "Siderurgia Nacional" steel company.
3. Decision of the European Commission 94/257/ECSC of 12 April 1994, in accordance with Article 95 of the ECSC Treaty and the Commission Decision of 27 November 1994 in the context of the Community Steel Aid Code.
4. The aid is in the form of capital reinforcement, debt relief and subsidies.
5. Aid granted to the "Siderurgia Nacional" steel company.
6. The total amount of aid authorized amounts to Esc 60,120 million (under Article 95/ECSC) and Esc 5,925 million (under the Steel Aid Code).

In 1995, the total amount of aid authorized in accordance with Article 95/ECSC was reached.

In 1997, Esc 2,250 million were allocated under the Community Steel Aid Code.

7. The aid has been authorized with a view to enabling the enterprise to become viable by the end of 1997.
8. Sales trends (long and flat products) and markets.

	1995		1996		1997	
	KT	%	KT	%	KT	%
Portugal	634.3	74.2	834.4	84	903.2	83.9
EU (excluding Portugal)	174.2	20.4	110.6	11	147.3	13.7
Other countries	47.6	5.4	49.6	5	25.4	2.4
Total	856.1	100	994.6	100	1,075.9	100

3. Energy Programme

1. Title of the subsidy programme

Energy Programme

2. Period covered by the notification

1997

3. Policy objective and/or purpose of the subsidy

To reduce the oil dependency by promoting the natural gas, fostering the use of renewable energy resources and promoting energy efficiency in all sectors of the economy activity.

These energy objectives will have major impacts in the improvement of the Portuguese economic competitiveness and will reduce energy environment impacts.

4. Background and authority for the subsidy

Legal basis: Community Decision No. C (94) 376 and Government Law DL No. 196/94.

5. Form of the subsidy

Grants and zero interest rate loans.

6. To whom and how the subsidy is provided

Subsidies can be granted to enterprises and municipalities according to the specific legislation applied to each measure. Subsidies are granted by the Ministry of Economy after the application has been submitted to the approval of an Energy Committee. Subsidies are paid according to the progress of the project.

7. The total amount or the annual amount budgeted for the subsidy (indicating if possible, the average subsidy per unit in the previous year)

The total amount of the commitments by Energy Programme in 1997 was:

UNIT: 10 ECU

Measures	FEDER		Total
Measure 1 - Natural Gas	40,460	1,210	41,670
Measure 2 - Renewables	12,851	0	12,851
Measure 3 - Energy Efficiency	7,887	2,629	10,516
Total	61,198	3,839	65,037

8. Duration of the subsidy and/or any other limits attached to it

Measure 1 - Grants: no time limits;

Measure 2 - Zero interest rate loans: 3 years granted period and 9 years reimbursement period;

Measure 3 - Grants: No time limits;

- Zero interest rate loans: 2 years granted period and 5 years reimbursement period.

9. The trade effects of the subsidy

No effects on international trade.

IMIT

1. Title of subsidy programme

“IMIT – Programme for Modernizing Textile and Clothing Industry

2. Period covered by the notification

The year 1997

3. Policy objective and purpose of the subsidy

To improve the competitiveness and to modernize the Portuguese textile and clothing manufacturing sectors.

4. Background and authority for the subsidy

Legal basis:

- Resolution of Council of Ministers No. 96-A/95 (DR 231/95-I B Series, 2^oSuppl., 6 October 1995);
- Decisions No. 61-A/B/C/D/E/F/G/H/95 (DR 240/95-I B Series 3^oSuppl., 17 October 1995).

5. Form of the subsidy

Cash grants and/or reimbursable loans at zero interest rate.

6. To whom and how the subsidy is provided

Recipients:

- Industrial companies of the textile and clothing sectors (Ref. 17, 181 and 182 of the Portuguese Economic Activities Classification /C.A.E.);
- Associations of Entrepreneurs, Chambers of Commerce;
- Non-lucrative organizations (official or private) providing services in “fashion and design”).

Subsidy allocation:

Subsidies are granted to industrial enterprises and/or applicant organizations on a case-by-case basis. Subsidies are granted by Portuguese Ministry of Economy on application and they are paid according to the progress of the approved project.

7. The total amount or the annual amount budgeted for the subsidy

Incentives given out during 1997 (approved projects):

- Cash grants: PTE 5,022,200,000
- Reimbursable loans: PTE 16,356,300,000
- **Total: PTE 21,378,500,000**

8. Duration of the subsidy and/or any other time-limits attached to it

The initiative was implemented in 1995 and will remain available until 1999.

9. The trade effects of the subsidy

No specific economic studies have been carried out. Data for this item not available.

**INTEREST SUBSIDY FOR INVESTMENT IN THE CONSTRUCTION OF
VESSELS WITH A LENGTH UP TO 9 METRES – PO/12 – 000/001/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 578 million

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR INVESTMENT IN THE CONSTRUCTION OF
VESSELS WITH A LENGTH OF 9 TO 33 METRES – PO/12 – 000/002/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 26,669,000

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR INVESTMENT IN THE TRANSFORMATION OR
IMPROVEMENT OF VESSELS WITH A LENGTH OF LESS
THAN 9 METRES - PO/12 - 000/004/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 147 million

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR INVESTMENT IN THE TRANSFORMATION OR
IMPROVEMENT OF VESSELS WITH A LENGTH
OF 9-33 METRES - PO/12 - 000/005/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 2,940,000

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE PURCHASE OF MACHINES AND OTHER
EQUIPMENT FOR FISHING VESSELS- PO/12 - 000/007/00**

- 1. Member State**
Portugal (continental)
- 2. Form of subsidy**
Interest subsidy
- 3. Total amount disbursed in 1997**
PTE 155 million
- 4. Policy objective**
To promote the development of the fishing sector.
- 5. Duration of subsidy**
Terminated on 31 December 1997.
- 6. Statistical data**
(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE PURCHASE OF FISHING
DEVICES AND TOOLS - PO/12 - 000/008/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 177 million

4. Policy objective

Applies to cases in which the specifications of the devices were reoriented or modified.

Note: Does not cover the regular replacement of fishing devices or tools. For the same vessel and the same type of device, only one project can be subsidized in each three-year period.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE PURCHASE OF
SECOND-HAND VESSELS - PO/12 - 000/009/00**

1. Member State

Portugal (continental)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 21,465,000

4. Policy objective

To prevent vessels in good condition from being left idle. The projects covered by this credit line must satisfy one or other of conditions (a) and (b) and must also satisfy condition (c):

- (a) The purchase is accompanied by modernization or conversion of the vessel amounting to at least 15 per cent of the vessel's value and intended for:
 - catching less heavily fished species;
 - improving fishing operations;
 - improving the preservation of the catch;
 - saving energy.
- (b) The vessel is the first purchase of a buyer more than 40 years old having the skills necessary to command the vessel and at least three years professional experience.
- (c) Only one transaction can be subsidized in each seven-year period.

5. Duration of subsidy

Terminated on 31 December 1997.

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE CONSTRUCTION OR PURCHASE
OF FISHING VESSELS - PO/12 - 000/012/00**

1. Member State

Portugal (Autonomous Region of the Azores)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 5,495,000

4. Policy objective

To provide the region with more modern, better equipped and safer vessels with improved working conditions.

5. Duration of subsidy

Indefinite

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE MODIFICATION OF
FISHING VESSELS - PO/12 - 000/013/00**

1. Member State

Portugal (Autonomous Region of the Azores)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 3,198,000

4. Policy objective

To provide the region with more modern, better equipped and safer vessels with improved working conditions.

5. Duration of subsidy

Indefinite

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR THE PURCHASE OF MACHINES,
FISHING DEVICES AND TOOLS INTENDED FOR
FISHING VESSELS - PO/12 - 000/014/00**

1. Member State

Portugal (Autonomous Region of the Azores)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 1,429,000

4. Policy objective

To provide the region with more modern, better equipped and safer vessels with improved working conditions.

5. Duration of subsidy

Indefinite

6. Statistical data

(The subsidy does not have a direct effect on trade.)

**INTEREST SUBSIDY FOR INVESTMENT IN THE CONSTRUCTION,
PURCHASE, TRANSFORMATION OR CONVERSION OF
FISHING VESSELS - PO/12 - 000/015/00**

1. Member State

Portugal (Autonomous Region of Madeira)

2. Form of subsidy

Interest subsidy

3. Total amount disbursed in 1997

PTE 41,375,000

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Indefinite

6. Statistical data

(The subsidy does not have a direct effect on trade.)

NEW SUPPORT MEASURES FOR THE FISHING SECTOR

1. Member State

Portugal

2. Form of subsidy

Subsidization up to a maximum of 60 or 65 per cent of eligible investments in accordance with Council Regulation (EC) No. 3699/93 of 21 December 1993.

3. Total amount disbursed in 1997

	Million PTE
Adjustment of fishing efforts	523,032
Renovation and modernization of the fishing fleet	410,099
Processing and marketing of fishery products	202,602
Promotion of fishing products	13,775
Fishing port equipment	143,372
Vocational training	72,276

4. Policy objective

To promote investment in production units in the fishing sector.

5. Duration of subsidy

Until 31 December 1999

6. Statistical data

(The subsidy does not have a direct effect on trade.)
